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SUBJECT: WESTERN HEMISPHERE: VENEZUELA, CHAVEZ'S REGIONAL AND
INTERNATIONAL INFLUENCE; MERCOSUL SUMMIT IN RIO DE JANEIRO; SAO
PAULO

11. "From Venezuela To The World"

Political columnist Eliane Cantanhede commented (1/18) in liberal, largest national circulation daily Folha de S. Paulo: "When Hugo Chavez speaks about a '21st Century socialism,' each one understands it as he/she wishes. [Brazilian] Foreign Minister Celso Amorim, for example, believes that this is just a slogan. Chavez's most powerful weapon is oil, of which Venezuela is the world's fifth main producer. When he invests in the neighboring nations' presidential elections, when he buys Kirchner's support by acquiring Argentine bonds, when he is the first leader of the region to exchange crude oil from Ecuador for processed oil products, and when he helps Paraguay to renegotiate its bonds, Chavez has behind him not only his personality and impulse, but oil - high cost oil. This is why he has already cut Venezuelan production and is negotiating with OPEC a 10% oil price increase in the international market. Iranian President Mahmud Ahmadinejad's presence in Ecuadorian President Rafael Correa's inauguration was almost unnoticed.... Iran produces oil, has a closed regime and has been listed among the US's main adversaries, a latent Iraq. Any coincidence?.... Chavez's horizon is not in Bolivia, or in Argentina, or in Brazil. This is just the beginning."

12. "Mercosul's Condemnation"

The lead editorial in center-right national circulation daily O Estado de S. Paulo maintained (1/18): "Only nations that adopt a democratic regime can become Mercosul partners. But the bloc's democratic clause is cleverly vague. It neither defines what democracy is nor lists violations of the democratic order that would result in expulsion from the bloc.... Venezuela became a full member of Mercosul in August when President Hugo Chavez had just eliminated all traces of democracy in that nation, except elections.... Like Venezuela, Bolivia is not a democracy. There were elections in both nations, but they lack other fundamental [democratic] requirements. In Venezuela, all powers are concentrated in Colonel Hugo Chavez's hands.... In Bolivia, the Judiciary has just suffered a deadly blow with the creation of community courts, the Legislative is inoperative, and the Constituent Assembly's work depends on what President Evo Morales will decide.... Morales-controlled 'social movements' are eliminating by force any vestige of democracy in the country. It is exactly the entry of Bolivia in Mercosul as a full member that the Brazilian government is supporting.... But Mercosul is not a benevolent entity. It is an organization of political and commercial coordination and is structured as a customs union.... In practical terms, this means that the customs union, which was

already fragile, will be dead and buried as a result of Bolivia's association. But what is worse is that with the entry of Bolivia following that of Venezuela, Mercosul will become a bloc of differing and conflicting tendencies. The four original partners (Argentina, Brazil, Paraguay and Uruguay) have been increasingly and consistently committed to a market economy. The two newcomers have fostered extravagant experiments of socialization of production.... And being a political and ideological mess, how will Mercosul present itself as a political unity or be taken seriously in global negotiations? The entry of Bolivia as a full member as happened with Venezuela, does not enlarge or strengthen Mercosul, but condemns it inexorably, if not to death, to irrelevance."

McMullen